



## City of Biggs

### **Agenda Item Staff Report for the next regular City Council Meeting: January 23, 2012 6:00PM**

DATE: January 17, 2011  
TO: Honorable Mayor and Members of the City Council  
FROM: Pete Carr, City Administrator  
SUBJECT: Biogas Project Participation (Discussion)

Council will consider costs, risks and benefits of participation in the second phase of planning for a possible NCPA biogas project.

#### **Background:**

At next NCPA Commission meeting participants will indicate interest in participating in further exploration of the Gridley bio-methane project, which is proceeding into the next planning phase as an NCPA project. The concept includes production of bio-methane gas at a site in Gridley, and inclusion into the natural gas pipeline with credit toward gas used to produce power at the NCPA turbine plant (LEC) in Lodi. This "green gas" would produce power with renewable (RPS) credit for the utility owning and selling it.

Our cost to invest at this point – not necessarily to commit to the project but to hold our option open – would be just under \$1000 for a 2% interest in the project. If the project happens and if we are a full participant, our 2% share of the project output would be expected to provide 80 mmbtu/day = ½ MW = 16% toward our RPS. Add to our existing 12% and Biggs could be 28% RPS in 2013.

We initially cost-justified participation in LEC at \$7/therm gas. With the project terms as currently outlined the City could find itself paying more or less than the going market rate for gas, within floor and ceiling limits, and there will be an escalator factor to consider.

An additional opportunity, besides RPS and power cost +/-, is that the green gas would reduce our reported GHG (greenhouse gas) emissions which would help us avoid potential carbon offset charges.

At this point, the decision is whether to secure a place in line as an option for possible participation in a possible project.

**Recommendation:**

Agree on an approach to Phase Two participation in this project, advise Commissioner (Mayor Frith) accordingly.

**Fiscal Impact:**

Up to \$1000 from the Electric Fund General Operating Reserve held at NCPA.